

have 5 legislative days within which to revise and extend their remarks on H.R. 5417.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

#### MODIFYING RATES RELATING TO REDUCED RATE MAIL MATTER

Mr. MCHUGH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2686) to amend chapter 36 of title 39, United States Code, to modify rates relating to reduced rate mail matter, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. DAVIS of Illinois. Mr. Speaker, reserving the right to object, I yield to the gentleman from New York (Mr. MCHUGH) to explain his request.

Mr. MCHUGH. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, I will try to be very brief, but I do think it is important to put out for the RECORD a few comments about this bill. It is a privilege. The Senate passed this legislation on October 6, and it was sponsored in the other body by the chairman of the Subcommittee on International Security Proliferation and Federal Services, the gentleman from Mississippi (Mr. COCHRAN), and cosponsored by all members of that subcommittee.

I would also note, Mr. Speaker, that an exact similar provision was introduced in this body, in the House, by the gentleman from Pennsylvania (Mr. FATTAH), the ranking member on the Subcommittee on Postal Service, a cosponsorship of which was also entered by many Members of this body. So although we are proposing tonight to adopt under unanimous consent the Senate bill, I want it very clearly noted that it in no way represents a lack of interest or activity in this House. Simply put, this is an extremely important piece of legislation to ensure the financial viability and survivability of nonprofit mailers, the kinds of nonprofit mailers that all of us have and enjoy in our communities, churches, charitable organizations, educational publications, and so many others.

This is based on a very technical concern that arises out of a recent rate case for the United States Postal Service. Simply put, through the evolution of rates-setting for not-for-profit mailers who have historically enjoyed a somewhat lesser rate for mailings, for very good reasons, in my judgment, than, say, commercial mailers, this rate case produced some aberrations and some unusual circumstances that, if enacted and if allowed to go forward, would have had a very serious impact on the profitability of not-for-profits,

also on the ability of those very important organizations to reach out to their membership to disseminate important information with respect to their activities, and, of course, to engage in fund-raising that is vital to their continued existence.

This bill, the Senate bill, S. 2686, provides relief to the category of mail that provides for these kinds of materials, also for educational magazines, for students in kindergarten through high school.

I think they are the type of publications even someone of my rather advanced years remembers from my days in grammar school and through high school and continue today in their importance in education purposes in our schools.

This legislation provides that both nonprofit mailers and classroom publications receive the same treatment and thereby ensuring that future rate increases for both of these important mailers are predictable.

I want to note that I certainly strongly support the recommendation in the report language attendant to the Senate bill that the rates coming out of this step would be monitored to evaluate the impact postal rates have on the general economic capability of these mailers to determine if there might not be some future and more fundamental resolution to the concerns of particularly classroom publishers.

The postal service, in my view, and in the view of the language attendant thereto, must certainly work to help examine alternatives to ensure that those postal rates for the invaluable classroom periodicals and teachers' guides remain at a price that ensure their availability and affordability to all classrooms.

It is also important to note, lastly, Mr. Speaker, that this bill contains a provision that would alleviate the potential impact deriving from the changes herein on regular rate payers, the folks that use the mails each and every day for their important business, for their correspondence in rate cases before the postal rate commission.

Simply put, the provisions in the bill provide that the estimated reduction in postal revenue from nonprofit categories caused by this legislation on the new rate-making rules is to be treated as reasonably assignable costs of the postal service, and that simply means that those costs should be apportioned among all of the various classes of mail and types of postal services in accordance with the existing provisions as they are contained in the United States Code title 39.

It is a very technical way of saying, Mr. Speaker, that this cost in providing assistance for not-for-profit and educational materials will not be exclusively borne by the folks out there buying the 33 cent stamp into the future. If we did not do this and if we did not take this step, Mr. Speaker, we would simply find that rates for non-profits would have of necessity and

under the pending rate case soar up to 35 percent and more in some cases. Obviously, as I mentioned earlier, that kind of increase would make the essential viability, the primary existence of these invaluable services, really bring it into question.

Mr. Speaker, I think the Senate has done good work here. As I mentioned, because of the hard work of the gentleman from Pennsylvania (Mr. FATTAH) and so many others in the House, we have an exact similar provision, and I think it is wholly appropriate that we through this process of unanimous consent accept the Senate language tonight. I thank the gentleman from Illinois (Mr. DAVIS), a very valuable Member of the House Subcommittee on the Postal Service, for yielding to me.

Mr. Speaker, it is my privilege to speak in support of S. 2686. The Senate passed this legislation on October 6. It is sponsored by the chairman of the Subcommittee on International Security, Proliferation, and Federal Services, and cosponsored by all members of that subcommittee.

This is legislation is extremely important for the financial viability and survival of nonprofit mailers, such as churches, charitable organizations, education publications and others. It addresses technical problems in the setting orates for nonprofit mailers. Essentially, it locks in the current rate relationship between nonprofit and commercial rate mail.

The history of special rates for nonprofit mail rates dates back prior to the Postal Reorganization Act of 1970. They were known as "preferred" categories and included Nonprofit and Classroom Periodicals; Nonprofit Standard (A) Mail; Library and Educational Matter; and In-county Publications. These categories were entitled to reduced rates of postage under those postal laws, and the Postal Reorganization Act continued the preferred rates for these categories. After a certain period of time, these categories of mail were required to cover their attributable costs, but they were not required to cover any institutional costs, as required of other categories of mail. Congress made annual appropriations to reimburse the Postal Service for the "revenue forgone" reimbursement which was the difference between the revenue received from preferred mailers and the revenue that would have been received if the reduced rate provisions had not been enacted. However, in 1993, Congress enacted the Revenue Forgone Reform Act as a deficit reduction measure, ending the annual federal (taxpayer) subsidy for preferred rates of postage and providing for a more equitable apportionment of institutional cost among regular- and reduced-rate mailers. It was designed to gradually phase in the increases for reduced-rate mailers, ending in 1998. At the end of the process, the institutional cost for preferred rate was to equal half of the institutional cost of the comparable commercial rate, thereby ensuring that reduced-rate mailers continued to contribute to institutional costs.

The application of this new formula had some problematic effects and there were significant rate swings because of underlying costs. The "one-half mark up rule" as it was known, made it difficult for the Postal Service and the Postal Rate Commission to alleviate the price effects of cost changes for reduced-

rate mailers. If costs for a nonprofit subclass changed significantly, the rates also followed suit because the mark up could not be reduced to lessen the impact of the cost, as it available to prevent rate changes in commercial subclasses. Therefore, cost changes translated into rate changes.

An aberration occurred for Nonprofit and Classroom Periodicals because the complexity of the rate structure and the low markup for commercial subclass could yield rates that were lower for a commercial publication than for a similar nonprofit publication. The provision enacted to help nonprofit mailers, the one-half mark up rule, made it difficult to create a remedy.

S. 2686 provides relief to the category of mail that provides educational magazines for students in kindergarten through high school. Undoubtedly this type of publication is essential and important in classrooms. The legislation provides that nonprofit periodicals and classroom publications receive the same treatment. Therefore, it would ensure that future rate increases for both categories are predictable. I support the strong recommendation in the report language, which accompanied S. 2686, that the rates be monitored to evaluate the impact postal rates have on the economic capability of these mailers and to determine if there is a need for more fundamental resolution to the rate concerns of classroom publishers. Additionally, I agree that the Postal Service must examine alternatives to help ensure those postal rates for classroom periodicals and teacher guides remain at that price that ensures their availability and affordability to all classrooms.

Discrepancies were found for Standard (B) publications. The classification for Library and Educational Matter overlaps with the classification known as Special Standard Mail. Both classifications contain books and sound recordings but Special Standard Mail does not require either the mailer or the recipient to be a library, educational institution, museum, herbarium, or nonprofit institution. The relatively small volumes in the Library and Educational matter category make it difficult to collect adequate ratemaking data.

These problems are addressed in S. 2686 by locking in the current rate relationship between nonprofit and commercial rate mail. This is accomplished by setting Nonprofit Standard (A) rates to equal, as nearly as possible, 60% of the estimated average revenue per piece from the corresponding regular-rate subclass. Nonprofit and Classroom Periodicals would be set so that postage on each mailing would be, as nearly as practicable, 5% lower than the postage for a corresponding regular-rate mailing. But, this discount would not be available to the advertising portion of a mailing if it exceeded 10% of the publication. Library and Educational Material rates would be set so that the postage on each mailing would be, as nearly as possible 5% lower than the postage for a corresponding regular-rate mailing.

Additionally, this legislation contains a provision to alleviate the impact of the changes on regular-rate payers in the postal rate case before the Postal Rate Commission. Under this provision, the estimated reduction in postal revenue from Nonprofit Standard (A) mail caused by the enactment of the new ratemaking rules is to be treated as a reasonably assignable cost of the Postal Service to be apportioned among the various classes of mail

and types of postal service in accordance with existing provisions in title 39 of the United States Code.

Should this legislation not be enacted we would find that rates for nonprofit mail would of necessity, under current law and under the pending R-2000-1 case before the Postal Rate Commission, soar up to 35% and more in some cases. These recommendations would cause some nonprofit rates to be higher than commercial rates in that category. The passing of S. 2686 would affect positively all those nonprofit and educational organizations that we all care about so deeply. It would bring relief to nonprofit mailers and would protect them from double-digit increases in postal rates. I urge all our colleagues to support this very important legislation.

Mr. DAVIS of Illinois. Mr. Speaker, further reserving the right to object, I join in this unanimous consent request and would like to thank the gentleman from New York (Chairman MCHUGH) and his staff, Robert Taub and Heea Vazirani-Fales, for their hard work in ensuring the compromise on this matter, also Ed Gleiman for his efforts to keep Congress focused on fixing the problem, Neil Denton of the alliance for keeping the coalition together and on track. And even in the face of last minute challenges, the postal service for being proactive, and Nanci Langley, deputy minority staff director for the Senate Subcommittee on International Security Proliferation and Federal Services for all of her help and support.

Mr. Speaker, I also commend and thank the gentleman from Illinois (Mr. BURTON), chairman of the Committee on Government Reform, for keeping all of the parties together for the good of the nonprofit community.

As was indicated, this legislation was approved by the Senate on October 6. It is identical to H.R. 4636, of which I am also pleased to be an original cosponsor.

Of course, this legislation would change the way that postal rates are set for nonprofit periodicals, Standard A and library rates. Essentially, it would lock in the current rate relationship between nonprofit rates and their commercial rate counterparts.

For nonprofit periodicals, this would mean a 5 percent discount off the non-advertising portion of the commercial rate. For nonprofit Standard A, rates would be calculated to reflect the roughly 40 percent discount. Library rates would enjoy a set 5 percent discount off the special standard rates.

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The bill is obviously good. It is necessary, because the formula passed in 1993 has become ineffective. In fact, the U.S. Postal Service has difficulty measuring the costs attributed directly to nonprofit mail, so the costs have been steadily rising.

This year, the U.S. Postal Service admitted that its data did not adequately represent certain categories of nonprofit mail's real costs. The legislation would positively change the approach to setting nonprofit rates. If passed,

nonprofit rates would be a percentage of the commercial rates, therefore ending the reliance of inaccurate costing figures.

Nonprofit and noncommercial mail costs would always be compiled and counted together, greatly improving the accuracy and reliability of the Postal Service data and stabilizing nonprofit rates.

As was indicated, the legislation is supported by the U.S. Postal Service, the Alliance of Nonprofit Mailers, the Magazine Publishers of America, the Direct Marketing Association, the Association for Postal Commerce and numerous other organizations.

I am pleased and delighted that we have been able to work together in such a nonpartisan way under the leadership of the gentleman from New York (Mr. MCHUGH) and the gentleman from Pennsylvania (Mr. FATTAH), the ranking member. I thank both of them for the leadership that they have provided to the Subcommittee on Postal Service this past session and certainly wish them well as we get ready to close and look forward to working with them again next year.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. TANCREDI). Is there objection to the request of the gentleman from New York.

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2686

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SPECIAL RATEMAKING PROVISIONS.

(a) ESTABLISHMENT OF REGULAR RATES FOR MAIL CLASSES WITH CERTAIN PREFERRED SUBCLASSES.—Section 3622 of title 39, United States Code, is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

“(c) Regular rates for each class or subclass of mail that includes 1 or more special rate categories for mail under former section 4358 (d) or (e), 4452 (b) or (c), or 4554 (b) or (c) of this title shall be established by applying the policies of this title, including the factors of section 3622(b) of this title, to the costs attributable to the regular rate mail in each class or subclass combined with the mail in the corresponding special rate categories authorized by former section 4358 (d) or (e), 4452 (b) or (c), or 4554 (b) or (c) of this title.”.

(b) RESIDUAL RULE FOR PREFERRED PERIODICAL MAIL.—Section 3626(a)(3)(A) of title 39, United States Code, is amended to read as follows:

“(3)(A) Except as provided in paragraph (4) or (5), rates of postage for a class of mail or kind of mailer under former section 4358 of this title shall be established in a manner such that the estimated revenues to be received by the Postal Service from such class of mail or kind of mailer shall be equal to the sum of—

“(i) the estimated costs attributable to such class of mail or kind of mailer; and

“(ii) the product derived by multiplying the estimated costs referred to in clause (i) by the applicable percentage under subparagraph (B).”.

(c) SPECIAL RULE FOR NONPROFIT AND CLASSROOM PERIODICALS.—Section 3626(a)(4) of title 39, United States Code, is amended to read as follows:

“(4)(A) Except as specified in subparagraph (B), rates of postage for a class of mail or kind of mailer under former section 4358 (d) or (e) of this title shall be established so that postage on each mailing of such mail shall be as nearly as practicable 5 percent lower than the postage for a corresponding regular-rate category mailing.

“(B) With respect to the postage for the advertising portion of any mail matter under former section 4358 (d) or (e) of this title, the 5-percent discount specified in subparagraph (A) shall not apply if the advertising portion exceeds 10 percent of the publication involved.”.

(d) SPECIAL RULE FOR NONPROFIT STANDARD (A) MAIL.—Section 3626(a) of title 39, United States Code, is amended by adding at the end the following:

“(6) The rates for mail matter under former sections 4452 (b) and (c) of this title shall be established as follows:

“(A) The estimated average revenue per piece to be received by the Postal Service from each subclass of mail under former sections 4452 (b) and (c) of this title shall be equal, as nearly as practicable, to 60 percent of the estimated average revenue per piece to be received from the most closely corresponding regular-rate subclass of mail.

“(B) For purposes of subparagraph (A), the estimated average revenue per piece of each regular-rate subclass shall be calculated on the basis of expected volumes and mix of mail for such subclass at current rates in the test year of the proceeding.

“(C) Rate differentials within each subclass of mail matter under former sections 4452 (b) and (c) shall reflect the policies of this title, including the factors set forth in section 3622(b) of this title.”.

(e) SPECIAL RULE FOR LIBRARY AND EDUCATIONAL MATTER.—Section 3626(a) of title 39, United States Code, as amended by subsection (d) of this section, is amended by adding at the end the following:

“(7) The rates for mail matter under former sections 4554 (b) and (c) of this title shall be established so that postage on each mailing of such mail shall be as nearly as practicable 5 percent lower than the postage for a corresponding regular-rate mailing.”.

## SEC. 2. TRANSITIONAL AND TECHNICAL PROVISIONS.

(a) TRANSITIONAL PROVISION FOR NONPROFIT STANDARD (A) MAIL.—In any proceeding in which rates are to be established under chapter 36 of title 39, United States Code, for mail matter under former sections 4452 (b) and (c) of that title, pending as of the date of enactment of section 1 of this Act, the estimated reduction in postal revenue from such mail matter caused by the enactment of section 3626(a)(6)(A) of that title, if any, shall be treated as a reasonably assignable cost of the Postal Service under section 3622(b)(3) of that title.

(b) TECHNICAL AMENDMENT.—Section 3626(a)(1) of title 39, United States Code, is amended by striking “4454(b), or 4454(c)” and inserting “4554(b), or 4554(c)”.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. MCHUGH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their re-

marks and include extraneous material on S. 2686.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair redesignates tomorrow, Thursday, October 12, as the time for further proceedings on the seven motions to suspend the rules that were debated on Tuesday, October 10, on which further proceedings were postponed.

## SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

(Mr. SMITH of Michigan addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

## UNIVERSITY OF CALIFORNIA SANTA BARBARA SCIENTISTS RECEIVE NOBEL PRIZES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mrs. CAPPS) is recognized for 5 minutes.

Mrs. CAPPS. Mr. Speaker, I rise today to pay tribute to excellence on the campus of the University of California at Santa Barbara.

As Members of the House may know, the Nobel Prizes for chemistry and physics were awarded this week to two brilliant members of this wonderful university in my congressional district. I want to take this opportunity to congratulate Professors Alan Heeger and Herbert Kroemer for their outstanding work.

Herbert Kroemer, an engineering professor, was awarded the Nobel Prize for Physics for helping to develop cutting edge laser technology. This technology is widely used today in the Internet's fiber optics network and consumer goods like CD players, bar code readers and laser pointers. His work has given us the communication tools that are powering our new economy and helping America to dominate the world in technology.

Professor Kroemer has been at UCSB since 1976. Prior to that, he worked in research labs in the United States, in Germany, and at the University of Colorado.

Arriving at UCSB, he persuaded his department to focus its research efforts on emerging compound semiconductor

technology and helped the University to become a leader in this field. We are grateful for his foresight and dedication.

Physics Professor Alan Heeger won the Nobel Prize for Chemistry. Many people believe that his work on electrically conducting plastics will revolutionize computing. It is expected that this new field of chemistry will provide ways to produce flat-screen TVs, plastic roll-up computer screens, and molecular computers smaller than watches.

Professor Heeger has been at UC Santa Barbara since 1982. He has also taught at universities in Pennsylvania, Utah, and in Geneva. He has won numerous awards, including an Alfred P. Sloan Fellowship and a John Simon Guggenheim Foundation Fellowship. His lifetime dedication and work has developed a new field of study, and enormous new opportunities, at the intersection of physics and chemistry.

A member of the Royal Swedish Academy of Sciences noted that these two prizes are about the electronics of today and the electronics of the future. I certainly agree.

Mr. Speaker, these two gentlemen reflect the high quality of research and instruction found throughout the University of California system and especially in my heart at the University at Santa Barbara.

UC Santa Barbara Chancellor Henry Yang noted yesterday that Professors Heeger's and Kroemer's work are examples of the kind of interdisciplinary research that are a hallmark at this campus, UC Santa Barbara. I know that the central coast of California reaps the benefits of this wonderful institution on a daily basis.

I have a long history with UC Santa Barbara. My husband was a religious studies professor there for more than 30 years, and that was before he came here to Congress. I received my master's in education there a few years back, and our son is also a graduate of UC Santa Barbara. Many of my staff were students there as well. It is a wonderful institution which has opened the doors of opportunity to millions of people, both young and old.

Mr. Speaker, I congratulate Professor Kroemer, Professor Heeger for this tremendous recognition and for the extremely wonderful contributions they have made to the University of California at Santa Barbara and to our society. The entire central coast is proud of their achievements and proud that they call UCSB home.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from American Samoa (Mr.